



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 11/22/2006

GAIN Report Number: RP6062

Philippines

Grain and Feed

Hybrid Rice Seed Subsidy to be Removed

2006

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Report Highlights:

The GRP's subsidy of rice hybrid seeds will be removed in 2007 putting at risk its drive for rice self-sufficiency. The Philippine Department of Agriculture had attributed the increasing rice production in recent years to the increased use of rice hybrid seeds.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1]
[RP]

Prior to his departure as Secretary of the Philippine Department of Agriculture (DA), Domingo F. Panganiban announced that the GRP's subsidy on hybrid rice seeds would be removed in the last quarter of 2007. The hybrid rice seed subsidy has reportedly cost the GRP an estimated P3 billion (\$60 million) in the past five years and was introduced to encourage the use of superior rice seeds. The DA had attributed its use as the primary reason for the increasing rice harvests in recent years. The level of subsidy currently is at roughly half (P1,200 per bag) the price per bag good for one hectare (P2,500).

As reported in RP6006, the high cost of hybrid rice seeds is a major reason for the relatively slow adoption rate of farmer-cooperators under the DA's hybrid rice program – the program aimed at achieving rice self-sufficiency. Without the subsidy, adoption of the technology is expected to be constrained further and prospects of self-sufficiency in rice significantly dampened. Mr. Panganiban had earlier projected that rice self-sufficiency (95 percent) could possibly be attained by 2009.